

**LEGISLATIVE SERVICES AGENCY
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FISCAL IMPACT STATEMENT

LS 7131

BILL NUMBER: HB 1663

NOTE PREPARED: Apr 28, 2007

BILL AMENDED: Apr 27, 2007

SUBJECT: Health and Hospital Corporations.

FIRST AUTHOR: Rep. Buell

FIRST SPONSOR: Sen. Miller

BILL STATUS: Enrolled

FUNDS AFFECTED: X **GENERAL**
DEDICATED
FEDERAL

IMPACT: State & Local

Summary of Legislation: This bill has the following provisions:

Group Health Insurance and Voluntary and Involuntary Treatment: It adds: (1) municipal corporations as local units for purposes of providing group health insurance for public employees; and (2) hospitals and the Health and Hospital Corporation of Marion County as facilities for purposes of voluntary and involuntary treatment of mentally ill individuals.

Health and Hospital Corporation of Marion County: The bill provides that the Health and Hospital Corporation of Marion County may file certain civil actions. The bill also specifies actions a court may take when a municipal corporation brings certain civil actions. It authorizes the Health and Hospital Corporation of Marion County to: (1) take certain actions; (2) use levied taxes or other funds to make intergovernmental transfers to the state to fund governmental health care programs; (3) condemn property; and (4) issue bonds to procure funds to pay costs of acquiring property and improving property for use as a hospital, a health care facility, or an administrative facility. It also requires: (1) bonds to be issued by a resolution of the Board of the Health and Hospital Corporation of Marion County; and (2) bonds to be executed by the executive director in the name of the Health and Hospital Corporation of Marion County. The bill repeals a provision that requires the Board of the Health and Hospital Corporation of Marion County to provide an integrated administrative organization.

Leasing and Lease Purchase Laws: The bill excludes certain hospitals and the Health and Hospital Corporation of Marion County from leasing and lease purchase laws.

Unsafe Buildings: The bill amends notice requirements for unsafe building orders. It also provides that if

an unsafe building order is issued to a person regarding a premises that is: (1) owned by the person or is being purchased by the person under a contract; and (2) leased to another person; the person must provide to the department administering the unsafe building law the person's name, street address (excluding a post office box address), and phone number.

Specifications for Recording Conveyances: The bill provides that if the mailing address on a conveyance of real property is not a street address or rural route address of the grantee, the conveyance must also include a street address or rural route address of the grantee after the mailing address. It also provides that a conveyance may not be recorded after June 30, 2007, unless the conveyance meets this requirement.

Building Compliance Liens: The bill increases the maximum amount that constitutes a lien against property when employees or contractors of a municipal corporation enter onto that property and take action to bring the property into compliance with an ordinance.

Effective Date: July 1, 2007.

Explanation of State Expenditures:

Explanation of State Revenues: *Court Fee Revenue:* Under current law, the Director of the Division of Public Health of the Health and Hospital Corporation of Marion County may bring civil actions for alleged ordinance violations and concerning ordinance violation regulating or prohibiting the use of a property or for engaging in conduct without a license. The bill specifies that the Director may also bring civil actions concerning unsafe buildings and enforce actions concerning infractions. If additional civil actions occur and court fees are collected, revenue to the state General Fund may increase. A civil filing fee of \$100 would be assessed when a civil case is filed, 70% of which would be deposited in the state General Fund if the case is filed in a court of record or 55% if the case is filed in a city or town court. In addition, some or all of the judicial salaries fee (\$15), the public defense administration fee (\$3), the court administration fee (\$2), and the judicial insurance adjustment fee (\$1) are deposited into the state General Fund.

Explanation of Local Expenditures: *Group Health Insurance:* Under current law, cities, towns, counties, townships, public libraries, and school corporations may participate in group health plans for public employees. These are voluntary plans, except for retiree health care, with specific requirements for a unit that offers a health insurance plan. The entity may purchase policies of group insurance, self-insure, or may participate in plans of local units that provide state employee health plans. Under the bill, municipal corporations (including, in addition to the list above, fire protection districts, public transportation corporations, local hospital authorities or corporations, local airport authority districts, special service districts, or other separate local governmental entities that may sue and be sued, but not special taxing districts) would be able to participate in group health plans for public employees. The bill could increase costs for these additional entities to the extent that they choose to enter into one of these plans. Ultimately, the costs would be based on the administrative actions taken in designing a group health insurance plan.

Health and Hospital Corporation of Marion County: The bill could increase costs for the Board of the Health and Hospital Corporation of Marion County by adding to existing duties regulating the remediation of lead hazards, and by adding authority to improve, remodel, or repair corporation buildings. The cost of these added responsibilities will depend on the extent to which these activities are currently performed and on administrative actions taken by the Board. The bill could potentially decrease costs for the Corporation by exempting the Corporation from requirements concerning leases and lease-purchasing structures and for the purchase of real property with a value of \$25,000 or less. A cost-neutral change is that, instead of the

Chairman of the Board and the Executive Director of the Corporation signing bonds of the Corporation, under the bill, only the executive director's signature would be required. The bill would specifically allow the Corporation to use levied taxes or other funds to make intergovernmental transfers to the state to fund governmental health care programs, including but not limited to Medicaid and Medicaid supplemental programs. This provision reflects current practice.

Consolidated City and Other Municipal and County Governments: The bill would have indeterminate fiscal impact on the costs of providing notice of orders and continued hearings, as well as statements of public bids to be let and claims of payment by a consolidated city or other municipality or county government that adopts the chapter concerning unsafe buildings. Under current law these notices and statements may be given by sending a copy of the order or statement by certified mail, delivering a copy of the order or statement personally, or by leaving a copy of the order or statement at the dwelling or abode of the person. The bill also allows orders or statements to be sent by first-class mail, which has less cost than the other methods. However, the bill also specifies that the order or statement must first be sent by certified mail, and if the item is returned undelivered, the other methods may be used. This could increase costs for orders or statements that are undelivered.

Unsafe Buildings: If an owner of property or person purchasing with intent to lease property does not contest or has exhausted all administrative and legal steps to contest an order, they would be required to submit in writing their name, non-post office box address, and phone number to local building law enforcement. Persons required to submit the above information would have to be under the following unsafe building orders: sealing off, extermination of vermin, removal of trash and hazards, or repair and rehabilitation of the premises.

Explanation of Local Revenues: *Specifications For Recording Conveyances:* County recorder fee receipts may decrease if the specifications to file a conveyance, added by the bill, are not met. Under current law, recorders must charge a \$6 fee on any document recorded no larger than 8.5 by 14 inches.

Building Compliance Liens: The bill raises the maximum lien amount, to bring a property into compliance with a local ordinance, from \$2,500 to \$10,000 for any real property that: contains one or more occupied or unoccupied single/double family dwellings and any additions; or is unimproved. The bill would also raise the maximum lien amount from \$10,000 to \$20,000 for liens on any other type of real property that is not a single or double family dwelling.

This provision could allow municipalities to recoup costs from compliance work on properties where the cost for the work exceeds the current maximum lien amounts.

Court Fee Revenue: If additional civil actions occur, local governments would receive revenue from the following sources. The county general fund would receive 27% of the \$100 filing fee that is assessed in a court of record. Cities and towns maintaining a law enforcement agency that prosecutes at least 50% of its ordinance violations in a court of record may receive 3% of court fees. If the case is filed in a city or town court, 20% of the court fee would be deposited in the county general fund and 25% would be deposited in the city or town general fund. Additional fees may be collected at the discretion of the judge and depending upon the particular type of case.

State Agencies Affected:

Local Agencies Affected: Trial courts, city and town courts, county recorders, local authorities responsible

for administering unsafe building law, municipalities.

Information Sources:

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